

## Message Text

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ACTION EB-11

INFO OCT-01 AF-10 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00

DODE-00 INR-10 NSAE-00 RSC-01 FAA-00 SS-20 NSC-10 L-03

DOT-00 PA-04 PRS-01 USIA-15 DRC-01 /121 W

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R 291158Z JAN 74

FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC 6919

INFO AMEMBASSY BRUSSELS

AMCONSUL CASABLANCA

AMEMBASSY COTONOU

AMEMBASSY DAKAR

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

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BRUSSELS AND LAGOS FOR FAA

E O 11652: NA

TAGS: ETRN, IV, SG, DM, GB

SUBJECT: AIR AFRIQUE'S ECONOMIC PROBLEMS AND STATUS ITS BLOCKED  
SPACE ARRANGEMENT WITH PAN AM

REF: CASABLANCA'S A-5, JANUARY 5, 1973

JANUARY 29, REGIONAL AIR ATTACHE AFR- (RCAA) WAS INFORMED BY  
MR. LOU BERMAN, DIRECTOR FOR AFRICAN COUNTRIES, PAN AMERICAN,  
THAT ON JANUARY 28 HE HAD SEVERAL MEETINGS WITH OFFICIALS OF AIR  
AFRIQUE (RK), AND AS A RESULT THE FOLLOWING FACTS EMERGED:

1. FERDINAND RODRIGUEZ, RK'S FINANCIAL DIRECTOR, STATED THAT  
UNLESS RK IMMEDIATELY INCREASES ITS FARES BY A MINIMUM OF 20  
PERCENT, IT WILL REALIZE A DEFICIT OF 4.5 MILLION DOLLARS FOR  
THE YEAR 1974. THIS WILL BE THE FIRST TIME SINCE THE FOUNDING  
OF THE CARRIER THAT IT WILL HAVE A DEFICIT.

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2. ROBERT DUQUE, RK'S V.P., COMMERCIAL, PLANS TO TRAVEL TO NEW YORK FEBRUARY 7 TO DISCUSS REDUCING PAN AM'S NEW YORK-DAKAR CAPACITY IN ORDER TO BUILD UP RK'S LOAD FACTORS ON THAT ROUTE. HOWEVER, BERMAN WAS INFORMED BY RODRIGUEZ THAT RK'S NEW CHAIRMAN, MR. AOUSSOU KOFFI AND THE DIRECTOR GENERAL, CADEAC D'ARBAUD, WANT TO DISCONTINUE RK'S NEW YORK SERVICE WHICH HAS BEEN A STEADY MONEY LOSER SINCE ITS INITIATION AND WILL BE ONE OF THE MAJOR REASONS FOR THE POTENTIAL DEFICIT. DUQUE, ON THE OTHER HAND, WANTS THE NEW YORK SERVICE TO CONTINUE AND DURING HIS VISIT THERE WILL DO ALL POSSIBLE TO PRESSURE PAN AM INTO REDUCING ITS CAPACITY.

RCAA COMMENT: SHOULD PAN AM AGREE TO CAPACITY REDUCTION, A BAD PRECEDENT WOULD BE ESTABLISHED, WHICH COULD WELL LEAD TO FURTHER RESTRICTIONS ON PAN AM OPERATIONS THROUGHOUT THE AIR AFRIQUE AREA.

3. IN VIEW OF THE FOREGOING DISSENSION WITHIN RK, BERMAN HAS SUGGESTED TO HIS HEADQUARTERS THAT A STUDY BE COMPILED DEMONSTRATING FINANCIAL BENEFITS WHICH WOULD ACCRUE TO RK IF THE PAN AM-RK BLOCKED SPACE ARRANGEMENT WAS REINSTATED NEW YORK-DAKAR. THIS STUDY WOULD BE PRESENTED TO DUQUE ON HIS ARRIVAL.

4. PAN AM'S BLOCKED SPACE AGREEMENT WITH RK (DAKAR-ABIDJAN-COTONOU-LIBREVILLE) EXPIRED ON DECEMBER 30, 1973 AND BERMAN ASKED MR. KOFFI FOR THE NORMAL THREE YEAR EXTENSION. RK'S CHAIRMAN, CITING MOUNTING OPERATION COSTS, AGREED TO EXTEND THIS AGREEMENT FOR ONLY ONE YEAR. RK ALSO OBTAINED FOR PAN AM PERMITS (FROM GOVERNMENTS CONCERNED) TO OPERATE INTO DAKAR, ABIDJAN, COTONOU AND LIBREVILLE.

RCAA COMMENT: RK'S POTENTIAL ECONOMIC PROBLEMS, SHOULD THE 1974 DEFICIT OF 4.5 MILLION DOLLARS BE REALIZED, WHEN COMBINED WITH ITS PERENNIAL POLITICAL PROBLEMS (REPAIR) COULD WELL JEOPARDIZE THE FUTURE OF THE CARRIER AS IT IS PRESENTLY CONSTITUTED.

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## Message Attributes

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